

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

REVIEW REPORT  
OF

INDIANA PROTECTION AND ADVOCACY  
SERVICES COMMISSION  
STATE OF INDIANA

March 1, 2012 to December 31, 2013



**FILED**  
10/24/2014



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Thomas Gallagher	07-01-08 to 04-20-12
	Gary Richter (Interim)	04-21-12 to 08-09-13
	Gary Richter	08-10-13 to 03-28-14
	(Vacant)	03-29-14 to 03-30-14
	David Boes (Interim)	03-31-14 to 06-30-15
Commission Chairperson	Doug Goeppner	07-01-10 to 05-31-16



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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION

We have reviewed the activities related to the receipts, disbursements, and assets of the Indiana Protection and Advocacy Services Commission for the period of March 1, 2012 to December 31, 2013. The Indiana Protection and Advocacy Services Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports. Federal programs are included in the scope of our statewide single audits as reflected in the Statewide Single Audit Reports.

Based on our review, nothing came to our attention that caused us to believe that the activities related to the receipts, disbursements, and assets of the Indiana Protection and Advocacy Services Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations, except as stated in the review comments.

The Indiana Protection and Advocacy Services Commission's response to the Review Comments identified in our review is described in the accompanying section of the report entitled Official Response. We did not review the Indiana Protection and Advocacy Services Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Indiana Protection and Advocacy Services Commission's management and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the Indiana State Board of Accounts and of the office reviewed.

STATE BOARD OF ACCOUNTS

September 22, 2014

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION  
REVIEW COMMENTS

***FIXED ASSET INVENTORY***

An annual physical inventory of assets owned had not been conducted. Additionally, the following issues were noted when reviewing the most recent fixed asset inventory of the Indiana Protection and Advocacy Services Commission.

- There were 11 assets that were approved to be disposed of but still had a status of "in service" as of December 31, 2013. Entries to delete the assets are not being made consistently.
- There were two sets of assets with duplicate tag numbers. Proper asset tags are not being used. The commission is printing asset tags on office labels. Tags are to be purchased through Pitney Bowes Print Center.
- State Form 13812 is the State's form to document the surplus of state owned property. We identified several deficiencies in the use of this form as noted below:
  - There was one instance where a Dell Latitude D600 was on a State Form 13812 to be disposed. The asset was valued at \$1,250 on the form and the asset did not have a tag number referenced. All assets over \$500 should be tagged.
  - There were 5 assets with values over \$500 that were on the State Form 13812, but were not on list of disposed assets nor were they on the fixed asset list as of December 31, 2013. All assets over \$500 should be maintained on an asset control system.
  - There were two State Forms 13812 presented for review that did not have approval from the Department of Administration (Surplus Property/Operations Division).
  - There was one State Form 13812 presented for review that did not have approval from a designated employee of the Indiana Protection and Advocacy Services Commission.
  - There was one State Form 13812 that was presented for review that the original acquisition costs were not specified for the assets.
  - There were four assets on the list of disposed assets, for which there was not a State Form 13812 provided.

For all assets with cost (if donated asset, market value) above \$500, Tag number, Custodian and Location are required asset fields in order to load an asset to Asset Management (AM). These fields must be completed when the asset is delivered to and accepted by the agency receiver; or, if the actual receiver is offline, the entry person recording from the receiver must enter this information. Agency management should assess, and in some cases change, their business processes in order to provide this information to the person receiving the asset into ENCOMPASS. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 8:4.1.2)

Each year a physical inventory is to be taken and compared to the master listing from the ENCOMPASS Asset Management system. This helps to ensure the asset inventory is accurate and that assets have not left the agency without authorization. It also aids in identifying unused or obsolete assets. Evidence of the physical inventory must be maintained in the agency's records. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 8:4.6)

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION  
REVIEW COMMENTS  
(Continued)

Agency personnel are responsible for accountability for all assets under their control, including capital assets. Adequate asset management staff should be assigned to recording and maintaining, on the ENCOMPASS financial system, all capital assets with a cost of \$500 or more. Assets are automatically capitalized upon approval by either the BU approver or AOS approver. Controls should be in effect to assure that additions, disposals, and transfers to other departments or agencies are recorded timely. Inventories of these assets should be performed each year in each department and compared to the ENCOMPASS listing. Results of inventories should be retained for audit purposes. Capital assets with a cost of less than \$500 may be included in ENCOMPASS Asset Management at the agency's option. All assets in the system should be capitalized. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 8:3)

***SDO FUND RECONCILIATIONS***

The Indiana Protection and Advocacy Services Commission had not performed reconciliations of its Special Disbursing Officer (SDO) advance account. Bank reconcilements need to be conducted and reviewed by someone other than the employee assigned to perform the reconcilements.

The agency has two SDO accounts listed within Encompass SDO-IPAS-JPMC and SDO-IPAS-LETB. The LETB SDO account was not reconciled when it was closed; it is \$120 short at December 31, 2013. The balance of the SDO-IPAS-JPMC account at December 31, 2013, was \$2,000. The ending bank balance for the SDO-IPAS-JPMC account at December 31, 2013, was \$1,932.07; therefore, the bank is short \$67.93.

At least monthly, the following reconciliations must be performed for the SDO fund:

- Manually reconcile cleared checks from the monthly bank statement. If Automatic Reconciliation is used, reconcile checks cleared from imported bank file.
- Reconciliation of the ENCOMPASS check register to the bank balance.
- Reconciliation of the SDO LPN advance to the ENCOMPASS check register balance.
- If manual SDO checks are used, reconciliation of the SDO manual check register balance to the ENCOMPASS check register balance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 6:4.10.10.8)

***INTERNAL CONTROL - CASH MANAGEMENT***

As stated in the prior report, documentation to trace draws of federal funds to specific expenses was not retained for review. Records to trace expenses to draws should be retained for review.

Each agency, department, quasi, institution or office should have internal controls in effect to provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview)

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION  
 REVIEW COMMENTS  
 (Continued)

**INTERNAL CONTROL - CONTRACT PAYMENTS**

We identified concerns with the control procedures for contract payments. The tracking spreadsheet utilized to determine whether payments are in excess of related contracts did not contain all contracts currently held by the agency. Furthermore, the tracking spreadsheet for one contractor tested was missing a payment made on August 5, 2013, in the amount of \$5,038; thus, payments made to the contractor for calendar year 2013 appeared to be in excess of the contract once the spreadsheet was updated to reflect the missing payment.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Organization Overview - General Guidelines and Policy, IV-Section of Agency Accounting Responsibilities)

**PROCUREMENT CARDS AND TRAVEL CARDS**

The following issues were identified when reviewing the Procurement and Travel Card purchases for the period March 1, 2012 to December 31, 2013:

Card Type	Vendor Name	Transaction Amount	Transaction Date(s)	Issue
Procurement	Fry's Electronics	\$ 205.90	September 13, 2012	Entire receipt not available
Procurement	United States Postal Service	135.13	Various - March 2013	Supporting documentation not available
Procurement	Rockhurst University	185.00	March 18, 2013	Supporting documentation not available
Procurement	HH Gregg	154.28	April 22, 2012	Existence of item specified on receipt could not be confirmed
Procurement	HH Gregg	154.28	April 22, 2012	State sales tax of \$10.09 paid
Procurement	Phillips Medical Systems	163.71	September 10, 2012	State sales tax of \$10.71 paid
Procurement	AT&T	16.05	March 20, 2013	State sales tax of \$1.05 paid
Travel	Amazon Marketplace	47.58	August 16, 2012	Non travel-related purchase
Procurement	Greyhound Lines	241.39	May 1, 2012	Travel-related purchase
Procurement	United States Postal Service	234.30	Various – May 2012, March and April 2013	Repetitive purchases
Procurement	Walmart	65.31	Various – March 2013 and December 2013	Office items offered through Quantity Purchase Agreement #10516A with Staples



INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION  
REVIEW COMMENTS  
(Continued)

Supporting documentation such as receipts, cancelled checks, invoices, bills, contracts, etc., must be made available for audit to provide supporting information for the validity and accountability of monies received or disbursed. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Organizational Overview - General Guidelines and Policy, IV-Summary of Agency Accounting Responsibilities)

When an allowable purchase is made from public funds, state agencies are exempt from payment of state sales tax. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Accounting for Expenses, Expenditures 6.4.7.2)

The Travel Card Program is intended to prevent State Employee travelers from personally paying for the higher dollar expenses when traveling on State business. Consideration should be given to State of Indiana Travel Policies, Procedures, and Rules prior to the use of the card. All travel policies and procedures for approval must be completed prior to utilizing the Travel Card. The Travel Card is only intended for travel related expenses. (State of Indiana Procurement Card and Travel Card Program: Agency Program Administrator and Cardholder User Manual, Chapter 2 Card Usage, Page 14)

If the same, or like items, need to be purchased on a recurring basis, the cardholder should work with their Agency Procurement Division to research other procurement methods to acquire the need. (State of Indiana Procurement Card and Travel Card Program: Agency Program Administrator and Cardholder User Manual, Chapter 2 Card Usage, Page 16)

If the item is available from QPA, IN-ARF, or PEN Products, a Procurement Card should not be used, unless an exception is granted. The order must be placed through the cardholder's procurement division. (State of Indiana Procurement Card and Travel Card Program: Agency Program Administrator and Cardholder User Manual, Chapter 2 Card Usage, Pages 15-16)

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2014, with David Boes, Interim Executive Director; Douglas Goepner, Chairperson; Melissa Kayes, Legal Director; Judith Wade, Accountant; and Doris Thompson-Wilson, Accountant. The Official Response has been made a part of this report and may be found on pages 9 and 10.

MICHAEL R PENCE  
GOVERNOR

COMMISSION MEMBERS

DOUGLAS GOEPPNER  
CHAIRPERSON  
DUBOIS CO

KYLE LLOYD  
VICE-CHAIRPERSON  
GRANT CO

LINDA DRIGGS  
SECRETARY  
CLINTON CO

MARCI HAW  
MARION CO

MELANIE MOTSINGER  
ALLEN CO

JUSTIN OGDEN  
BOONE CO

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NANCY SLATER  
HAMILTON CO

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DALE DEVON  
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4701 N KEYSTONE AVE #222  
INDIANAPOLIS IN 46205-1592  
VOICE 317.722.5555  
FAX 317.722.5564  
TOLL FREE VOICE 800.622.4845  
TOLL FREE TTY 800.838.1131  
WWW.IN.GOV/IPAS

September 30, 2014

State Board of Accounts  
302 West Washington Street, Room E  
418 Indianapolis, IN 46204-2765

**Official Response to Audit  
for the period  
March 1, 2012 —December 31, 2013**

IPAS would like to express its appreciation to the State Board of Accounts and to Ms Byram and Ms. Geer, for the professional and helpful compliance review recently completed. We have no material disagreement with the findings. IPAS also acknowledges the audit's findings regarding areas in which we can improve, and that these findings do not represent substantial findings of non-compliance.

**Fixed Asset Inventory**

We understand the comments from the Auditors and agree that an annual inventory had not been completed during the prior 12 months. IPAS will complete a physical inventory on an annual basis to ensure our inventory list is accurate with all acquisitions and dispositions. Staff will be retrained concerning asset management utilizing the Encompass system.

**SDO fund reconciliations**

IPAS' checking account was used very little. Most months no checks are written. Within days of our receipt of the bank statement, the statements are reviewed and the account balanced to the bank record. IPAS staff will seek assistance and training as to the proper use of the Encompass system to facilitate and improve reconciliation between Encompass and the bank statement.

**Internal Control-Cash Management**

We understand the comments from the Auditors and agree with the need for increased documentation maintained separate from the state Encompass financial system. We will endeavor to retrain staff and increase the amount of documentation maintained onsite to trace expenses to federal funds draws.

### Internal Control-Contract Payments

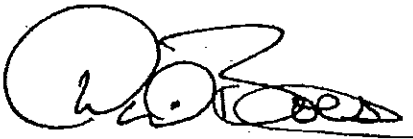
We understand the comments from the Auditors and would like to point out that controls and encumbering of funds for a contact within Encompass prevented an overpayment to a contact. IPAS will review and adjust its internal tracking spreadsheet that should minimize the likelihood of a recurrence of those issues identified by the Auditors.

### Procurement Cards and Travel Cards

We understand the comments from the Auditors. IPAS noted that the majority of the issues concerning the use of the travel and procurement cards occurred in 2012 prior to implementation of IPAS' increased cost control measures. IPAS will continue its implementation of those cost-control measures to further prevent errors in usage.

Again IPAS thanks the State Board of Accounts and the Field Examiner for the professional and beneficial review. IPAS takes seriously its obligation to follow all accounting and financial policies and procedures and will continue to work to improve its accounting operations and maintain its' compliance with all applicable policies, regulations and laws.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Boes', with a large circular flourish at the beginning.

David Boes  
Interim Executive Director